

CITY COUNCIL REPORT



Meeting Date: **March 1, 2011**
 General Plan Element: **Public Services & Facilities**
 General Plan Goal: **Conserve water and encourage reuse of wastewater**

ACTION

Authorize contract with FCS GROUP, adopt Resolution No. 8599, authorizing Contract No. 2011-032-COS with FCS GROUP to assist the City in performing a cost of service rates study the Water and Wastewater Enterprise Funds for an amount not to exceed \$139,750.

BACKGROUND

Water Rate Structure

The City's current water rate structure consists of a monthly availability (or service) charge based on meter size and a monthly quantity usage charge, which is then based on the amount of water used. The usage charge is a three-tier increasing block water rate structure, also known as an inverted block rate structure, in which an increased rate is charged for increased consumption. The amount of water allocated to each tier differs based upon meter size. All water charges are subject to an environmental quality charge of 2.677 percent and a Stormwater Management Fee of 1 percent.

A two tier rate structure was developed in 1982 and a third tier was added in 2005. The third tier was designed to encourage water conservation associated with the top 5 percent of water users, which is consistent with the City's Drought Management Plan. As indicated below, introduction of the third tier has not significantly changed residential water usage patterns.

Fiscal Year	Millions of Gallons				Rainfall in Inches
	Tier 1	Tier 2	Tier 3	Total	
2006/07	7,096	6,404	656	14,065	7.20
2007/08	7,064	6,687	740	14,491	9.17
2008/09	7,068	6,212	576	13,856	8.04
2009/10	7,038	6,271	599	13,908	7.68

The City intends to evaluate its current water rate structure to determine a fair and equitable method for developing rates which will encourage water conservation and ensure revenue stability. Alternatives to the meter size based tier allocation will also be evaluated specific to Scottsdale demographics and applicable City Code requirements.

Wastewater Rate Structure

The City's current wastewater rates consist of a flow charge for capital costs as well as a flow charge for operation and maintenance expenses that varies by customer classification based upon relative sewage strengths. There are currently sixteen separate wastewater customer classifications. The amount a customer is billed for wastewater is estimated based upon 90 percent of their average water use from December to February of each year.

All wastewater charges are subject to an 18.953 percent environmental charge.

The City intends to evaluate its current wastewater rate structure to develop better methods of determining the quantity and strength of wastewater being discharged per customer classification and to better relate rate structure to the costs associated with providing sewer services. In addition, the City also intends to evaluate its industrial pretreatment cost recovery, which includes the Fats, Oils and Grease (FOG) monitoring and enforcement activities.

Community Involvement

A minimum of two stakeholder meetings will be conducted by the City and FCS GROUP to review tentative rate conclusions and solicit citizen input.

ANALYSIS & ASSESSMENT

Periodically reviewing the water and wastewater cost of service rate structure is consistent with the City's goal to ensure that water and wastewater rates recover all direct and indirect costs of service and are fairly and equitably assessed to customers. The evaluation is based on the total revenue requirement which includes operations cost, maintenance costs, indirect costs, capital replacement, debt service and required reserves.

For the Water Fund the following factors will be evaluated:

- Use of meter size for cost allocation and rate design compared to allocation to customer classes (i.e. residential, commercial, industrial) or other factors.
- Cost allocation to appropriate drivers reflecting the cost of providing service.
- Level of revenue recovery from the base fee to insure that the rate design will recover the full revenue requirement should usage decrease.
- Optimum rate structure to encourage water conservation. Current conservation efforts have reduced the per capita water consumption; however, introduction of a third tier to the rate structure does not appear to have had the originally desired effect.

The Wastewater Fund factors to be evaluated include:

- Rate structures compliance with all applicable laws and regulations. The U.S. Environment Protection Agency, Arizona Department of Environmental Quality and Arizona Department of Water Resource have rules and regulations affecting wastewater operations.
- Customer classes relative to Biochemical Oxygen Demand and Suspended Solids characteristics.

- Fixed versus variable cost components and the appropriateness of a minimum charge to maximize the potential for adequate revenue recovery should usage diminish.
- Wastewater discharge quantities based upon more current data.
- Industrial pretreatment program costs, including Fats, Oils and Grease monitoring and enforcement activities.
- Billing policies with regard to part year residents.

Recent Staff Action

This contract is the result of a Request for Proposals (RFP) that was initiated by the Water Resources Division in November, 2010. FCS GROUP was selected from a group of five respondents to the RFP.

Policy Implications

The study could result in proposed policy changes to facilitate new rate structures.

Community Involvement

A minimum of two stakeholder meetings will be conducted by the City and FCS GROUP to solicit citizen input and review tentative rate conclusions.

RESOURCE IMPACTS

Available funding

The current fiscal year budget for Waster Resources has provided for this study in Professional Services Account No. 52130, Consultants.

Staffing, Workload Impact

Staff will work closely with FCS GROUP throughout the entire process. Sufficient staff time is currently available to support the rate study process.

Future Budget Implications

The study may revise rates which could modify budgeting requirements.

OPTIONS & STAFF RECOMMENDATION

Recommended Approach

Adopt Resolution No. 8599 authorizing Contract No. 2011-032-COS with FCS GROUP to provide a comprehensive cost of service rate study for Water and Wastewater Enterprise Funds for an amount not to exceed \$139,750.

Proposed Next Steps

If the contract is approved, the City will commence the project immediately.

RESPONSIBLE DEPARTMENT(S)

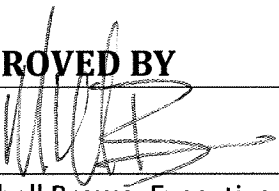
Water Resources Department.

Finance & Accounting.

STAFF CONTACTS (S)

James Dorf, Senior Management Analyst, Water Resources, (480) 312-5674, jdorf@ScottsdaleAz.gov

APPROVED BY


Marshall Brown, Executive Director Water Resources

2/10/11
Date

(480) 312-5683, mpbrown@ScottsdaleAz.gov


David Smith, City Treasurer

2-15-11
Date

(480) 312-2364, DaSmith@ScottsdaleAZ.gov

ATTACHMENTS

1. Resolution No. 8599
2. Contract 2011-032-COS

RESOLUTION NO. 8599

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE,
MARICOPA COUNTY, ARIZONA, AUTHORIZING CONTRACT NO.
2011-032-COS BETWEEN THE CITY AND FCS GROUP
FOR A COST OF SERVICE RATES STUDY

The City wishes to have a cost of service rates study for the Water and Wastewater Enterprise Funds for the benefit of the City; and

FCS GROUP has been selected through a competitive process to provide to the City with a cost of service rates study for the Water and Wastewater Enterprise Funds.

BE IT RESOLVED by the Council of the City of Scottsdale as follows:

Section 1. The Mayor of the City of Scottsdale is authorized and directed to execute Professional Services Contract No. 2011-032-COS with the FCS GROUP for a cost of service rates study for the Water and Wastewater Enterprise Funds.

PASSED AND ADOPTED by the Council of the City of Scottsdale this 1st day of March, 2011.

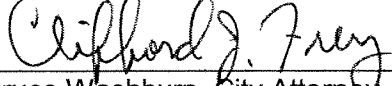
ATTEST:

CITY OF SCOTTSDALE,
An Arizona Municipal Corporation

By: _____
Carolyn Jagger, City Clerk

By: _____
W.J. "Jim" Lane, Mayor

APPROVED AS TO FORM:



Bruce Washburn, City Attorney

By: Clifford J. Frey
Senior Assistant City Attorney



**CITY OF SCOTTSDALE
CITY SERVICES CONTRACT**

THIS CONTRACT, entered into this 1st day of March , 2011, by and between the City of Scottsdale, an Arizona Municipal Corporation , the "City", and Financial Consulting Solutions Group, Inc. dba the "FCS Group", a State of Washington sub chapter S Corporation , the "Contractor".

WITNESSETH

The City desires to contract for Water / Wastewater Rate study services :

The Contractor is duly qualified to perform the requested non professional services;

In consideration of the mutual promises and obligations, the parties agree as follows:

1.0 DESCRIPTION, ACCEPTANCE, DOCUMENTATION

Contractor will act under the authority and approval of the Contract Administrator for the City, named below, to provide the services required by this Contract.

1.1 SERVICE DESCRIPTION

The entire Scope of Work for Request for Proposal No 11RP017 identified as Water / Wastewater Rate Study services is incorporated herein by this reference as fully as if written out below. Contractor's proposal submitted in response to Request for Proposal Number 11RP017 and dated December 9, 2010 is incorporated herein by this reference as fully as if written out below. If any provision incorporated by reference from the Scope of Work conflicts with any provision of the Contractor's proposal, the provision of the Scope of Work will control. If any provision of the Contractor's proposal conflicts with any provision of this Contract, this Contract will control.

1.2 ACCEPTANCE AND DOCUMENTATION

- A. Each task will be reviewed and approved by the Contract Administrator to determine acceptable completion.
- B. The City will provide all necessary information to the Contractor for timely completion of the tasks specified in Section 1.1 above.
- C. All documents, including but not limited to, data compilations, studies, and reports which are prepared in the performance of this Contract are to be and will remain the property of the City and must be delivered to the Contract Administrator before final payment is made to the Contractor.

2.0 BILLING RECORDS, AUDIT, FEES

2.1 BILLING RECORDS, AUDIT

The time spent for each task must be recorded and submitted to the Contract Administrator. Contractor must maintain all books, papers, documents, accounting records and other evidence pertaining to time billed and to costs incurred and make these materials available for audit by the City in accordance with Section 4.7 of this Contract.

2.2 FEE SCHEDULE

The amount paid to Contractor inclusive of all expenses under this Contract will not exceed \$139,750.00

Contractor may submit work in progress billings for services rendered together with applicable documentation as directed by the Contract Administrator.

Contractor will be paid in accordance with Exhibit 1 attached that details the labor hours and costs and other expenses that total to \$139,750.00.

Amounts indicated in this Section 2.2 represent the entire amounts payable under this Contract. Additional expenses will not be authorized.

2.3 PAYMENT APPROVAL

All charges must be approved by the Contract Administrator before payment.

2.4 PRICE ADJUSTMENT

Not applicable

3.0 TERM, EXTENSION, TERMINATION**3.1 TERM AND EXTENSION**

Term of the Contract is until the tasks listed in 1.1 have been completed according to the following schedule:

Wastewater Rate Study Schedule:

Item	Tentative Date
Award of Contract	March 1, 2011
Wastewater Project Initiation Meeting	March 3, 2011
Wastewater Financial Plan Workshop	April 1, 2011
Wastewater Rate Design Workshop	April 15, 2011
Draft Wastewater Rate Report	April 22, 2011
First Wastewater Stakeholder Meeting	April 29, 2011
Second Stakeholder Meeting	May 5, 2011
Revised Wastewater Draft Rate Report	May 12, 2011
Meeting with Water Subcommittee	May 17, 2011
Final Management Review	May 18, 2011
Final Rate Report	May 24, 2011

Water Rate Study Schedule :

Item	Tentative Date
Award of Contract	March 1, 2011
Water Project Initiation	May 5, 2011
Water Financial Plan Workshop	June 2, 2011
Water Rate Design Workshop	June 9, 2011
Draft Water Rate Report	June 17, 2011
First Water Stakeholder Meeting	June 28, 2011
Second Stakeholder Meeting	July 12, 2011
Revised Draft Water Report	July 19, 2011
Meeting with Water Subcommittee	July 19, 2011
Final Water Report	July 29, 2011

In the event that any tasks remain incomplete after the specified completion time period, continuation of this Contract will be subject to written approval by the Contract Administrator.

3.2 TERMINATION

Termination for Convenience: City reserves the right to terminate this contract or any part of this contract for its sole convenience with 30 days written notice. In the event of any termination, Contractor must immediately stop all work, and must immediately cause any of its suppliers and Subcontractors to cease all work. As compensation in full for services performed to the date of any termination, the Contractor will receive a fee for the percentage of services actually completed. This fee will be in the amount to be mutually agreed upon by the Contractor and the City, based on the agreed Scope of Work. If there is no mutual agreement, the Contract Administrator will determine the percentage of completion of each task detailed in the Scope of Work and the Contractor's compensation will be based upon this determination. The City will make this final payment within 60 days after the Contractor has delivered the last of the partially completed items. Contractor will not be paid for any work done after receipt of the notice of termination, nor for any costs incurred by Contractor's suppliers or Subcontractors, which Contractor could reasonably have avoided.

Cancellation for Cause: City may also cancel this contract or any part of this contract with 7 days notice for cause in the event of any default by the Contractor, or if the Contractor fails to comply with any of the terms and conditions of this contract. Unsatisfactory performance as judged by the Contract Administrator, and failure to provide City, upon request, with adequate assurances of future performance are all causes allowing City to cancel this contract for cause. In the event of cancellation for cause, City will not be liable to Contractor for any amount, and Contractor will be liable to City for any and all damages sustained by reason of the default which gave rise to the cancellation.

In the event Contractor is in violation of any Federal, State, County or City law, regulation or ordinance, the City may terminate this contract immediately upon giving notice to the Contractor.

If the City improperly cancels the Contract for cause; the cancellation for cause will be converted to a termination for convenience in accordance with the provisions of this Section.3.2.

3.3 FUNDS APPROPRIATION

If the City Council does not appropriate funds to continue this Contract and pay for charges under this contract, the City may terminate this Contract at the end of the current fiscal period. The City agrees to give written notice of termination to the Contractor at least 30 days prior to the end of its current fiscal period and will pay to the Contractor all approved charges incurred through the end of this period.

4.0 GENERAL TERMS

4.1 ENTIRE AGREEMENT

This Contract constitutes the entire understanding of the parties and supersedes all previous representations, written or oral, with respect to the services specified. This Contract may not be modified or amended except by a written document, signed by authorized representatives of each party.

4.2 ARIZONA LAW

This Contract is governed and interpreted according to the laws of the State of Arizona.

4.3 MODIFICATIONS

Any amendment, modification or variation from the terms of this Contract must be in writing and will be effective only after approval of all parties signing the original Contract.

4.4 ASSIGNMENT

Services covered by this Contract may not be assigned or sublet in whole or in part without first obtaining the written consent of the Purchasing Director and Contract Administrator.

4.5 SUCCESSORS AND ASSIGNS

This Contract extends to and is binding upon Contractor, its successors and assigns, including any individual, company, partnership or other entity with or into which Contractor merges, consolidates or is liquidated, or any person, corporation, partnership or other entity to which Contractor sells its assets.

4.6 CONTRACT ADMINISTRATOR

The Contract Administrator for the City is Jim Dorf or designee. The Contract Administrator will oversee the execution of this Contract, assist the Contractor in accessing the organization, audit billings; approve payments, establish delivery schedules, approve addenda, and assure Certificates of Insurance are in City's possession and are current and conform to the contract requirements. The Contractor will channel reports and special requests through the Contract Administrator.

4.7 RECORDS AND AUDIT RIGHTS

Contractor's records (hard copy, as well as computer readable data), and any other supporting evidence considered necessary by the City to substantiate charges and claims related to this contract are open to inspection and subject to audit and/or reproduction by City's authorized representative to the extent necessary to adequately permit evaluation and verification of the cost

of the work, and any invoices, change orders, payments or claims submitted by the Contractor or any of his payees in accordance with the terms of the contract. The City's authorized representative must be given access, at reasonable times and places, to all of the Contractor's records and personnel in accordance with the provisions of this article throughout the term of this contract and for a period of 3 years after last or final payment.

Contractor must require all Subcontractors, insurance agents, and material suppliers (payees) to comply with the provisions of this Section by insertion of these contract requirements in a written contract agreement between Contractor and payee. These requirements will also apply to any and all Subcontractors.

If an audit in accordance with this Section, discloses overcharges, of any nature, by the Contractor to the City in excess of 1% of the total contract billings, the actual cost of the City's audit will be reimbursed to the City by the Contractor. Any adjustments and/or payments which must be made as a result of any audit or inspection of the Contractor's invoices and/or records will be made within a reasonable amount of time (not to exceed 90 days) from presentation of City's findings to Contractor.

4.8 ATTORNEY'S FEES

In the event either party brings any action for any relief, declaratory or otherwise, arising out of this Contract, or on account of any breach or default, the prevailing party will be entitled to receive from the other party reasonable attorneys' fees and reasonable costs and expenses, determined by the court sitting without a jury, which will be considered to have accrued on the commencement of the action and will be enforceable whether or not the action is prosecuted to judgment.

4.9 INELIGIBLE BIDDER

The preparer of specifications is not eligible to submit a bid or proposal on the solicitation for which they prepared the specification, nor is the preparer eligible to supply any product to a bidder or offeror on the solicitation for which they prepared the specification.

4.10 INDEPENDENT CONTRACTOR

The services Contractor provides under the terms of this Contract to the City are that of an Independent Contractor, not an employee, or agent of the City. The City will report the value paid for these services each year to the Internal Revenue Service (I.R.S.) using Form 1099.

City will not withhold income tax as a deduction from contractual payments. As a result of this, Contractor may be subject to I.R.S. provisions for payment of estimated income tax. Contractor is responsible for consulting the local I.R.S. office for current information on estimated tax requirements.

4.11 CONFLICT OF INTEREST

The City may cancel any contract or agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City's departments or agencies is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a Contractor to any other party to the contract with respect to the subject matter of the contract. The cancellation will be effective when written notice from the City is received by all other parties to the contract, unless the notice specifies a later time (A.R.S. §38-511).

4.12 NOTICES

All notices or demands required to be given in accordance with the terms of this Contract must be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses stated below, or to any other address the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of Contractor:

FCS Group
225 Bush Street, Suite 1825
San Francisco, CA 94105

Edward Cebon
Vice President and Principal

415 – 445 – 8947
edc@fcsgroup.com

In the case of City:

City of Scottsdale
Water Resource Department
9388 E. San Salvador Drive
Scottsdale, AZ 85258

Jim Dorf
Contract Administrator / Senior Management Analyst

480 – 312 – 5674
jdorf@scottsdaleaz.gov

Notices will be considered received on date delivered, if delivered by hand, and on the delivery date indicated on receipt if delivered by certified or registered mail.

4.13 FORCE MAJEURE

Neither party will be responsible for delays or failures in performance resulting from acts beyond their control. These acts include, but are not limited to, acts of God, riots, acts of war, epidemics, governmental regulations imposed after the fact, fire, communication line failures, or power failures.

4.14 TAXES

Contractor will be solely responsible for any and all tax obligations which may result from the Contractor's performance of this contract. The City will have no obligation to pay any amounts for taxes, of any type, incurred by the Contractor.

4.15 ADVERTISING

No advertising or publicity concerning the City using the Contractor's services will be undertaken without first obtaining the written approval for the advertising or publicity from the City Contract Administrator.

4.16 COUNTERPARTS

This contract may be executed in one or more counterparts, and each originally executed duplicate counterpart of this Contract will be considered to possess the full force and effect of the original.

4.17 CAPTIONS

The captions used in this Contract are solely for the convenience of the parties, do not constitute a part of this Contract and are not to be used to construe or interpret this Contract.

4.18 SUBCONTRACTORS

During the performance of the Contract, the Contractor may engage any additional Subcontractors as may be required for the timely completion of this Contract. The approval of the City must be obtained before the addition of any Subcontractors.

In the event of subcontracting, the sole responsibility for fulfillment of all terms and conditions of this Contract rests with the Contractor.

4.19 CHANGES IN THE WORK

The City may at any time, as the need arises, order changes within the scope of the work without invalidating the contract. If any changes increase or decrease the amount due under the contract documents, or in the time required for performance of the work, an equitable adjustment will be authorized by written Change Order.

The City will execute a formal Change Order based on detailed written quotations from the Contractor for work related changes and/or a time of completion variance. All Change Orders are subject to approval by the City.

Contract Change Orders are subject to the Rules and Procedures within the City's Procurement Code.

4.20 CO-OP USE OF CONTRACT

In addition to the City of Scottsdale, this Contract may be extended for use by other municipalities, government agencies and governing bodies, including the Arizona Board of Regents, and political subdivisions of the State. Any usage by other entities must be in accord with the ordinances, charter and/or rules and regulations of the respective entity and the approval of the Contractor.

4.21 COMPLIANCE WITH FEDERAL AND STATE LAWS

The Contractor understands and acknowledges the applicability of the American with Disabilities Act, the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989 to it.

4.22 IMMIGRATION LAW COMPLIANCE

Under the provisions of A.R.S. §41-4401, the Contractor warrants to the City that the Contractor and all its subcontractors will comply with all Federal Immigration laws and regulations that relate to their employees and that the Contractor and all its subcontractors now comply with the E-Verify Program under A.R.S. §23-214(A).

A breach of this warranty by the Contractor or any of its subcontractors will be considered a material breach of this Contract and may subject the Contractor or Subcontractor to penalties up to and including termination of this Contract or any subcontract. The Contractor will take appropriate steps to assure that all subcontractors comply with the requirements of the E-Verify Program. The Contractor's failure to assure compliance by all its' subcontractors with the E-Verify Program may be considered a material breach of this Contract by the City.

The City retains the legal right to inspect the papers of any employee of the Contractor or any subcontractor who works on this Contract to ensure that the Contractor or any subcontractor is complying with the warranty given above.

The City may conduct random verification of the employment records of the Contractor and any of its subcontractors to ensure compliance with this warranty. The Contractor agrees to indemnify, defend and hold the City harmless for, from and against all losses and liabilities arising from any and all violations of these statutes.

4.23 LAWFUL PRESENCE IN THE UNITED STATES FOR PERSONS

Arizona State law A.R.S. §1-502 (H.B. 2008) requires that all PERSONS who will be awarded a contract and apply for public benefit must demonstrate through a signed affidavit and the presentation of a copy of documentation that they are lawfully present in the United States.

PERSONS is defined as all NATURAL PERSONS / INDIVIDUALS / SOLE PROPRIETORSHIPS as indicated by your W9 Filing. *(This law does not apply to LLP's, LLC's, PLLC's, Corporations Limited Partnerships or General Partnerships)*

By submitting your quote, bid, proposal and/or indicating your desire to enter in a contract with the City you are agreeing that if you are selected as the awardee and meet the criteria as a PERSON you will abide by this law and sign and submit an AFFIDAVIT DEMONSTRATING LAWFUL PRESENCE IN THE UNITED STATES and attach the appropriate copy of your documentation in proof of that statement. Types of acceptable documentation copies are an Arizona Drivers License issued after 1996, Arizona nonoperating identification license, U.S. birth certificate, U.S. Passport , I-94 Form with photograph and several others that are all listed on the Affidavit form that the City will send to you for your completion before issuing any contract.

If you have previously done business with the City and already have filed the above Affidavit with copies of an acceptable documentation please indicate date of submittal. If your acceptable Affidavit is already on file with the City, that filing satisfies this requirement.

If you fail to complete and provide a completed Affidavit and accompanying acceptable copy of your documentation, or do not advise us of your previous filing within 10 calendar days of the City's request you may be considered non responsive and disqualified from that award consideration. You can obtain the complete Affidavit form from the City's Purchasing Department at (480) 312-5700 or the City's website at <http://www.scottsdaleaz.gov/vendors.asp> on the Vendor Resources page at the bottom right under Forms.

4.24 CONTRACTS WITH SUDAN AND IRAN

In accordance with A.R.S. §35-391.06 and 35-393.06, the contractor certifies that it does not have scrutinized business operations in Sudan or Iran, as defined in A.R.S. §35-391(15) and 35-393(12).

4.25 NO PREFERENTIAL TREATMENT OR DISCRIMINATION

In accordance with the provisions of Article II, Section 36 of the Arizona Constitution, the City will not grant preferential treatment to or discriminate against any individual or group on the basis of race, sex, color, ethnicity or national origin.

4.26 INDEMNIFICATION

To the fullest extent permitted by law, Contractor, its successors, assigns and guarantors, must defend, indemnify and hold harmless City of Scottsdale, its agents, representatives, officers, directors, officials and employees from and against all allegations, demands, proceedings, suits, actions, claims, damages, losses, expenses, including but not limited to, attorney fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expense, related to, arising from or out of, or resulting from any negligent or intentional actions, acts, errors, mistakes or omissions caused in whole or part by Contractor relating to work or services in the performance of this Contract, including but not limited to, any Subcontractor or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable and any injury or damages claimed by any of Contractor's and Subcontractor's employees.

Insurance provisions stated in this contract are separate and independent from the indemnity provisions of this paragraph and will not be construed in any way to limit the scope and magnitude of the indemnity provisions. The indemnity provisions of this paragraph will not be construed in any way to limit the scope and magnitude and applicability of the insurance provisions.

4.27 CONTRACTOR ON SITE SAFETY REPORTING REQUIREMENTS

For any non-construction City supplier whose service contract(s) (either singular or in aggregate) results in the contractor working 500 or more hours on site at a City of Scottsdale location(s) in any one calendar quarter, the following documentation must be provided by the contractor to the Contract Administrator (CA):

- the contractor's most recent OSHA 300A (if applicable);
- all accident reports for injuries that occurred in the city under the contract during the most recent review period;
- the contractor's current worker's compensation experience modifier;
- the above information is to be provided to the CA initially and every February thereafter as long as the contract is in force;
- the CA will provide this information to Risk Management when requested.

5.0 INSURANCE

This contract contains the Standard Acord Certificate.

Failure to provide a Certificate of Insurance with the appropriate verbiage as indicated will result in rejection of your certificate and delay in contract execution.

Additionally, Certificates of Insurance submitted without referencing an RFP and Contract number will be subject to rejection and returned or discarded.

5.1 Insurance Representations and Requirements

5.1.1 General: Contractor agrees to comply with all applicable City ordinances and state and federal laws and regulations.

Without limiting any obligations or liabilities of Contractor, Contractor must purchase and maintain, at its own expense, this Contract's stipulated minimum insurance with insurance companies properly licensed by the State of Arizona (admitted insurer) with an AM Best, Inc. rating of B ++ 6 or above or an equivalent qualified unlicensed insurer by the State of Arizona (non-admitted insurer) with policies and forms satisfactory to City of Scottsdale. Failure to maintain insurance as specified may result in termination of this Contract at City of Scottsdale's option.

5.1.2 No Representation of Coverage Adequacy: By requiring the insurance stated in this Contract, the City of Scottsdale does not represent that coverage and limits will be adequate to protect Contractor. City of Scottsdale reserves the right to review any and all of the insurance policies and/or endorsements required by in this Contract but has no obligation to do so. Failure to demand any evidence of full compliance with the insurance requirements stated in this Contract or failure to identify any insurance deficiency does not relieve Contractor from, nor be construed or considered a waiver of, its obligation to maintain the required insurance at all times during the performance of this Contract.

5.1.3 Coverage Term: All insurance required by this Contract must be maintained in full force and effect until all work or services required to be performed under the terms of this contract are satisfactorily performed, completed and formally accepted by the City of Scottsdale, unless specified otherwise in this Contract.

5.1.4 Claims Made: In the event any insurance policies required by this Contract are written on a "claims made" basis, coverage must extend, either by keeping coverage in force or purchasing an extended reporting option, for 3 years past completion and acceptance of the work or services as evidenced by submission of annual Certificates of Insurance stating that applicable coverage is in force and contains the required provisions for the 3 year period.

5.1.5 Policy Deductibles and or Self Insured Retentions: The policies stated in these requirements may provide coverage which contain deductibles or self insured retention amounts. Any deductibles or self insured retention are not applicable to the policy limits provided to City of Scottsdale. Contractor is solely responsible for any deductible or self insured retention amount. City of Scottsdale, at its option, may require Contractor to secure payment of any deductible or self insured retention by a surety bond or irrevocable and unconditional Letter of Credit.

5.1.6 Use of Subcontractors: If any work under this agreement is subcontracted in any way, Contractor must execute a written agreement with Subcontractor containing the same Indemnification Clause and Insurance Requirements stated in this Contract protecting City of Scottsdale and Contractor. Contractor will be responsible for executing the agreement with Subcontractor and obtaining Certificates of Insurance verifying the insurance requirements.

5.1.7 Evidence of Insurance: Before beginning any work or services under this Contract, Contractor must furnish City of Scottsdale with Certificate(s) of Insurance, or formal endorsements as

required by this Contract, issued by Contractor's insurer(s) as evidence that policies are placed with acceptable insurers as specified in this Contract and provide the required coverage, conditions, and limits of coverage and that any coverage and provisions are in full force and effect. If a Certificate of Insurance is submitted as verification of coverage, City of Scottsdale will reasonably rely upon the Certificate of Insurance as evidence of coverage but any acceptance and reliance will not waive or alter in any way the insurance requirements or obligations of this agreement. If any of the above cited policies expire during the life of this Contract, it will be Contractor's responsibility to forward renewal Certificates within 10 days after the renewal date containing all the aforementioned insurance provisions. Certificates will specifically cite the following provisions:

1. City of Scottsdale, its agents, representatives, officers, directors, officials and employees must be named an Additional Insured under the following policies:
 - a) Commercial General Liability
 - b) Auto Liability
 - c) Excess Liability - Follow Form to underlying insurance as required.
2. Contractor's insurance must be primary insurance as respects performance of subject contract.
3. All policies, except Professional Liability insurance, if applicable, waive rights of recovery (subrogation) against City of Scottsdale, its agents, representatives, officers, directors, officials and employees for any claims arising out of work or services performed by Contractor under this Contract.
4. Certificate must cite 30 day advance notice of cancellation provision or 10 day notice of cancellation for non-payment of premium.

5.2 Required Coverage

5.2.1 Commercial General Liability: Contractor must maintain "occurrence" form Commercial General Liability insurance with a limit of not less than \$1,000,000 for each occurrence, \$1,000,000 Products and Completed Operations Annual Aggregate, and a \$1,000,000 General Aggregate Limit. The policy must cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury. If any Excess insurance is utilized to fulfill the requirements of this paragraph, the Excess insurance must be "follow form" equal or broader in coverage scope than underlying.

5.2.2 Vehicle Liability: Contractor must maintain Business Automobile Liability insurance with a limit of \$500,000 each accident on Contractor's owned, hired, and non-owned vehicles assigned to or used in the performance of the Contractor's work or services under this Contract. If any Excess insurance is utilized to fulfill the requirements of this paragraph, the Excess insurance must be "follow form" equal or broader in coverage scope than underlying. If any hazardous material, as defined by any local, state or federal authority, is the subject, or transported, in the performance of this contract, an MCS 90 endorsement is required providing \$5,000,000 per occurrence limits of liability for bodily injury and property damage.

5.2.3 Workers Compensation Insurance: Contractor must maintain Workers Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Contractor's employees engaged in the performance of work or services under this Contract and must also maintain Employers' Liability Insurance of not less than \$100,000 for each accident, \$100,000 disease for each employee and \$500,000 disease policy limit.

6.0 SEVERABILITY AND AUTHORITY

6.1 SEVERABILITY

If any term or provision of this Contract is found to be illegal or unenforceable, then despite this illegality or unenforceability, this Contract will remain in full force and effect and that term or provision will be considered deleted.

6.2 AUTHORITY

Each party warrants and represents that it has full power and authority to enter into and perform this Contract, and that the person signing on behalf of each has been properly authorized and empowered to enter this Contract. Each party further acknowledges that it has read this Contract, understands it, and agrees to be bound by it.

7.0 REQUEST FOR TAXPAYER I.D. NUMBER & CERTIFICATION I.R.S. W-9 FORM

Before any contract payment being made, an I.R.S. W-9 Form *must* be completed and submitted to the following address:

City of Scottsdale
Accounts Payable Division
7447 E. Indian School Rd.
Scottsdale, AZ 85251

Signatures on next page

The City of Scottsdale by its Mayor and City Clerk has subscribed their names this 1st day of March , 2011 .

CITY OF SCOTTSDALE

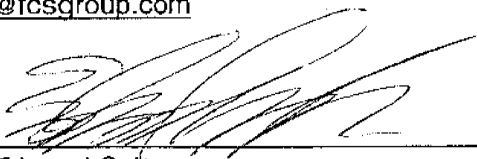
By: _____
W. J. "Jim" Lane, Mayor

ATTEST:

CONSULTANT:

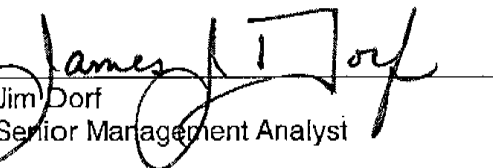
Financial Consulting Solutions Group, Inc.
dba the "FCS Group"
225 Bush Street, Suite 225
San Francisco, CA 94105

414 - 445 - 8947
edc@fcsgroup.com

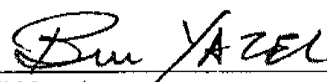
By: 
Edward Cebon
Vice President and Principal

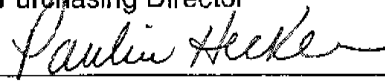
By: _____
Carolyn Jagger, City Clerk

CITY CONTRACT ADMINISTRATOR

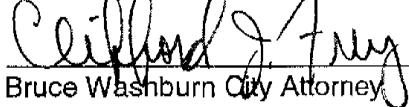
By: 
Jim Dorf
Senior Management Analyst

CITY OF SCOTTSDALE REVIEW:


Bill Yazel
Purchasing Director


Pauline Hecker
Risk Management Director

APPROVED AS TO FORM:


Bruce Washburn City Attorney
By: Clifford J. Frey
Senior Assistant City Attorney

ACORD_{tm}		CERTIFICATE OF LIABILITY INSURANCE			DATE (MM/DD/YY)												
PRODUCER		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.															
INSURED																	
		COMPANIES AFFORDING COVERAGE															
		COMPANY A															
		COMPANY B															
		COMPANY C															
		COMPANY D															
COVERAGES																	
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.																	
Co 1 tr	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (mm/dd/yy)	POLICY EXPIRATION DATE (mm/dd/yy)	LIMITS												
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> OWNERS & CONTRACTORS PROT				GENERAL AGGREGATE \$ PRODUCTS COMP/OP AGG \$ PERSONAL & ADV INJURY \$ EACH OCCURRENCE \$ FIRE DAMAGE (Any one fire) \$ MED EXP (Any one person) \$												
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$												
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> _____				AUTO ONLY EA ACCIDENT \$ OTHER THAN AUTO ONLY: \$ EACH ACCIDENT \$ AGGREGATE \$												
	EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$ \$												
	WORKERS COMPENSATION AND EMPLOYER'S LIABILITY THE PROPRIETOR/ PARTNERS/EXECUTIVE OFFICERS ARE:	<input type="checkbox"/> INCL <input type="checkbox"/> EXCL			<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">WC STATU- TORY LIMITS</td> <td style="width: 10%;"></td> <td style="width: 30%;">OTHER</td> </tr> <tr> <td colspan="2">EL EACH ACCIDENT</td> <td>\$</td> </tr> <tr> <td colspan="2">EL DISEASE - POLICY LIMIT</td> <td>\$</td> </tr> <tr> <td colspan="2">EL DISEASE - EA EMPLOYEE</td> <td>\$</td> </tr> </table>	WC STATU- TORY LIMITS		OTHER	EL EACH ACCIDENT		\$	EL DISEASE - POLICY LIMIT		\$	EL DISEASE - EA EMPLOYEE		\$
WC STATU- TORY LIMITS		OTHER															
EL EACH ACCIDENT		\$															
EL DISEASE - POLICY LIMIT		\$															
EL DISEASE - EA EMPLOYEE		\$															
	Other:																
Description of Operations/Locations/Vehicles/Special Items: City of Scottsdale, its representatives, agents and employees, is an Additional Insured under Commercial General Liability and Auto Liability. All cited insurance shall be primary coverage and waive rights of recovery (subrogation), including Workers Compensation, against City of Scottsdale. No policy shall be canceled or materially changed without 30 days advance written notice. Certificate not valid unless signed by authorized representative of insurance company. APPLICABLE CONTRACT NUMBER: _____																	
CERTIFICATE HOLDER City of Scottsdale 9191 E. San Salvador Drive Scottsdale, AZ 85258 ACORD 25-S (1/95)			CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL _____ DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE _____														

W-9 TAXPAYER ID FORM

It is necessary for the *successful* Contractor to provide a ***REQUEST FOR TAXPAYER I.D. NUMBER & CERTIFICATION I.R.S. W-9 FORM***, as indicated in this contract, prior to any contract payment being made.

This W-9 form is available from the IRS website at www.irs.gov under their forms section.

Exhibit 1

11RP017

Water / Wastewater Service Rate Study

FCS Group

From proposal page 20 dated 12/9/2010

Labor Effort & Expense by Task		Principal \$250	Study Manager \$215	Project Coordinator \$180	Project Consultant \$180	Analysts \$125	Technical Advisor \$250	Admin \$70	Total Labor Expenses	Direct Costs	Total Expenses
Task 0	Project Management and Coordination	0	8	0	0	0	0	8	\$ 2,280	\$ -	\$ 2,280
Task 1	Project Orientation	8	12	25	0	4	4	0	\$ 10,580	\$ 2,150	\$ 12,730
Task 2	Financial Plan	0	24	50	0	100	16	0	\$ 30,660	\$ 1,250	\$ 31,910
Task 3	Cost of Service Rate Design	10	24	40	0	104	6	2	\$ 29,500	\$ 1,650	\$ 31,150
Task 4	Study Reports and Formal Meetings	3	56	37	0	74	2	18	\$ 30,460	\$ 2,250	\$ 32,710
Task 5	Model Development and Training	0	8	16	136	20	0	6	\$ 27,920	\$ 1,050	\$ 28,970
Total Study Hours		21	132	168	136	302	28	34	\$ 131,400	\$ 8,350	<u>\$ 139,750</u>

(1) Three total presentations. Each additional presentation at \$ 6,250 per event